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INFO RUEHEE/ARAB LEAGUE COLLECTIVE
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C O N F I D E N T I A L BEIRUT 000422

SIPDIS

DEPT FOR NEA/FO, NEA/ELA
STATE PASS USTR FRANCESCKI
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TREASURY FOR U/S LEVEY, DAS BAUKOL
TREASURY ALSO FOR PARODI/BLEIWEISS/AHERN/MENDELSON/DOUCETTE
USDOC FOR 4520/ITA/MAC/ONE
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P FOR DRUSSELL
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NSC FOR SHAPIRO, MCDERMOTT

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TAGS: [EFIN](#) [PREL](#) [PGOV](#) [PTER](#) [LE](#) [IR](#)
SUBJECT: LEBANON: GOL SIGNS 45 MILLION EURO LOAN WITH
TREASURY-DESIGNATED IRANIAN BANK

Classified By: Ambassador Michele J. Sison for reasons 1.4 (b) and (d).

SUMMARY

¶1. (U) The GOL signed a Memorandum of Understanding (MOU) March 12 with the Export Development Bank of Iran for the reactivation of a 45 million euro loan signed in 2003. The Ambassador queried Finance Minister Chatah on this development April 7. End summary.

¶2. (SBU) The visit of Lebanese President Michel Sleiman to Iran in November 2008 reinvigorated links between the Lebanese and Iranian governments and led to a flurry of visits and bilateral economic activity. In February 2009, Lebanese Minister of Industry Ghazi Zoyater, accompanied by a business delegation, visited Tehran to promote business linkages between industrialists in the two countries. In March, the Joint Lebanese-Iranian Economic Committee met in Beirut, resulting in an MOU on bilateral relations between Lebanese Minister of Economy Mohammed Safadi and Iranian Minister of Housing Mohammad Sa'idi Kiya.

¶3. (SBU) Most recently, on March 12, Finance Minister Mohammad Chatah and the Director of the Export Development Bank of Iran signed an MOU that led to the reactivation of a 45 million euro loan signed in 2003. As a result, the Lebanese Council for Reconstruction and Development (CDR) will contract projects tied to this loan in the electricity, water, and waste water sectors, according to CDR Director of Funding Dr. Wafaa Charafeddine.

¶4. (SBU) This loan is the first tranche of a \$100 million Iranian pledge accepted in 2001 by then-Finance Minister and current Prime Minister Fouad Siniora for development projects all over Lebanon. Iran finally agreed to amend the MOU, stalled over a technicality, because it wants to build a direct relationship with the GOL "for its own political reasons," an apparent reference to building good relationships with Arab countries.

¶5. (C) In an April 7 meeting, the Ambassador asked Chatah about the March 12 loan reactivation, noting that the bank is

designated by the U.S. Treasury under E.O. 13382 for providing or attempting to provide financial services to Iran's Minister of Defense and Armed Forces Logistics. Chatah said the issue had been a complete surprise to him, and that he had happened upon the Iranian delegation on March 11 at the PM's office and was shocked to learn they intended to sign an MOU at his ministry the following day. When he learned about the designation, Chatah said he contacted the governor of the Central Bank of Lebanon to be sure there was no U.S. currency involved. The Ambassador noted that a loan of this magnitude certainly raised questions. Chatah acknowledged the Ambassador's point, and promised to follow up on where the loan reactivation stands.

SISON